

VALUING RADIO

How commercial radio drives economic value for the UK



Introduction

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I am delighted to present this summary report into the economic contribution supported by commercial radio. It brings together a range of information for the first time and gives a comprehensive overview of the sector and the value it provides.

Radio's continuing popularity with listeners is not in doubt, with an amazing 90% of the population still tuning in every week for the combination of music, entertainment, news, information and companionship that it provides.

However, the range of economic activity supported by radio has never been examined in any detail and is a part of the creative industries that is often overlooked. That is one of the reasons why we asked Oxford Economics to analyse the impact of commercial radio. Their final report identified a gross value added (GVA) to the UK economy of £683m, alongside a return on investment to advertisers of £4.6bn and an estimated value to the music industry of £103m in sales and around £50m in rights payments.

Crucially it is clear that commercial radio has the potential to provide even greater value in future if changes in regulation and a shift to more distinctive BBC radio services can be achieved.

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Summary

Valuing Radio is a report created by Radiocentre with the support of its members in order to demonstrate the economic contribution of the commercial radio sector to the UK.

It draws on new research from Oxford Economics, the market leader in providing economic impact assessments, which examined the gross value added (GVA) by commercial radio to the UK economy. GVA comprises the profits, business rates and employee compensation paid and should not be confused with the value of the industry as an asset.

The research also includes an evaluation of employment supported by the sector along with its broader value to advertisers, the music industry and direct charitable fundraising.

Key findings

- » Commercial radio supports a gross value added (GVA) to the UK economy of **£683m**
- » **12,340** jobs are supported by commercial radio (including **4,410** direct employees)
- » Productivity is high, with each employee generating approx. **£70,200** in gross value added
- » Companies advertising on radio receive an average return on their investment of **£7.70** for each **£1** spent
- » Total return on investment for advertisers is **£4.6bn**
- » The value of music sales supported by commercial radio is estimated at £103m (plus **£50m** in music rights payments)
- » Direct charitable fundraising by commercial radio was around **£25m**

Value to the economy



Direct impact
(operational expenditure)

£310m



Commercial radio's
total contribution to UK GDP was

£683m



Indirect impact
(procurement from suppliers)

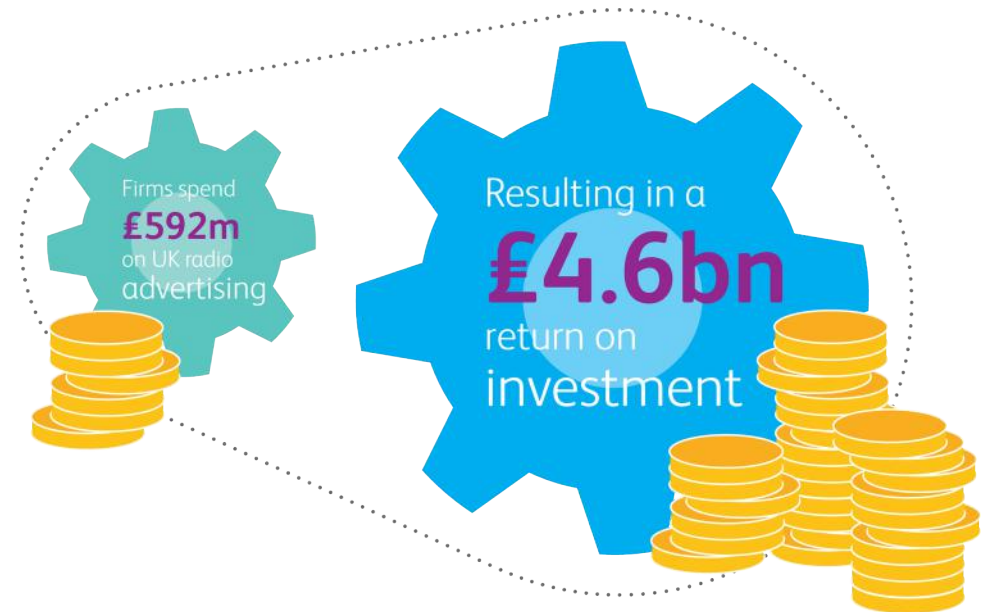
£210m



Induced impact
(staff spending their wages)

£163m

Advertising



Value to UK music

